

To the Members of the California State Assembly:

I am returning Assembly Bill 2598 without my signature.

This bill makes sweeping changes to the laws that govern Common Interest Developments (CID) and the foreclosure process for failure to pay delinquent homeowners' assessments.

While the intent of this legislation is laudable and intended to protect homeowners from being foreclosed upon for small sums of delinquent assessments, this bill is overly broad and could negatively impact all homeowners living in CIDs.

This bill could unfairly result in increased assessments for other homeowners who pay their assessments in a timely manner and may delay the transfer of real property in CIDs due to the lien procedures set forth in the bill.

Foreclosure should be the last course of action taken against a homeowner. If there were more open discussion between homeowners and their associations, many conflicts could be resolved. That is why I recently signed into law AB 1836 (Chapter 754, 2004) and AB 2718 (Chapter 766, 2004). These bills establish methods to encourage more disclosure and better communication between homeowners and their associations.

I recognize that additional clarification in the foreclosure statutes is necessary. However, this change should be made incrementally working together with all impacted parties. Therefore, I am directing the State and Consumer Services and the Business, Transportation and Housing Agencies to work with all of the interested stakeholders to develop and ensure that the process for collecting CID homeowners' assessments is refined so that all homeowners are treated equitably and foreclosure only occurs after every reasonable alternative is exhausted.

Sincerely,

Arnold Schwarzenegger